

Message Text

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ACTION EUR-12

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AMEMBASSY BUDAPEST
AMEMBASSY MOSCOW
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AMEMBASSY VIENNA
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USMISSION USNATO

C O N F I D E N T I A L PRAGUE 0182

E.O. 11652: GDS
TAGS: EALR, ETRD, ENRG, CZ, UR
SUBJECT: CZECHOSLOVAKS SIGN 1978 CONTRACT FOR SOVIET OIL

REFS A. PRAGUE 3563(NOTAL), B. BUDAPEST 2076(NOTAL),
C. VIENNA A-440(NOTAL), D. VIENNA A-065(NOTAL)

1. BRIEF PAGE ONE ITEM IN JANUARY 18 RUDE PRAVO STATES THAT
CZECHOSLOVAK-SOVIET CONTRACT FOR IMPORTATION OF SOVIET CRUDE OIL
AND OIL PRODUCTS IN 1978 WAS SIGNED JAN 17 IN PRAGUE. VALUE OF
IMPORTS WILL BE 871 MILLION RUBLES, AND VOLUME WILL
BE 4.1 PERCENT HIGHER THAN IN 1977. NO FURTHER DETAILS WERE GIVEN.
(NOTE OVERALL 1978 CSSR-USSR TRADE PROTOCOL (REF A) SIGNED
IN DECEMBER CALLS FOR 5.5 BILLION RUBLE TOTAL TRADE, A TEN
PERCENT INCREASE OVER 1977 TOTAL).)

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2. COMMENT: UNDER 1976-80 "LONG-TERM GOODS EXCHANGE AGREEMENT,"
USSR WILL SUPPLY 88 MILLION TONS OF OIL TO CSSR DURING SIXTH FYP.
IF WE ASSUME 1978 DELIVERIES WILL BE BETWEEN 17.5 AND 18 MILLION
TONS, 1978 PRICE WORKS OUT TO BETWEEN 48.4 AND 49.8 RUBLES PER TON.
THIS ESTIMATED RANGE OF 1978 PRICES TO CZECHOSLOVAKIA IS MARGINALLY
LOWER THAN 49.2 RUBLE PER TON AVERAGE 1977 PRICE TO ALL EASTERN

EUROPEAN IMPORTERS REPORTED LAST NOVEMBER BY EMBASSY BUDAPEST (REF B)

.
SINCE CEMA OIL PRICES ARE EXPECTED TO RISE BY UP TO AN ESTIMATED THIRTY PERCENT IN 1978, THIS DISCREPANCY COULD BE EXPLAINED BY ONE OR MORE OF FOLLOWING PLAUSIBLE POSSIBILITIES: (A) CSSR, AS MOST WESTERN OBSERVERS BELIEVE (REFS C AND D), DOES PAY LESS THAN HUNGARY, POLAND AND BULGARIA (SEE REF C) BECAUSE OF ITS PREVIOUS CREDITS TO USSR, ITS LOWER EXPORT PRICES TO USSR, ITS PARTICULAR PETROLEUM PRODUCT MIX, SPECIAL POLITICAL CONSIDERATIONS OR OTHER FACTORS; (B) 1978 OIL DELIVERIES WILL BE LOWER THAN 17.5--18.0 MILLION TON RANGE; OR (C) RUDE PRAVO'S 871 MILLION RUBLE IMPORT VALUE FIGURE IS INCORRECT. SINCE IT SEEMS UNLIKELY THAT HUNGARIAN GOVERNMENT'S 49.2 RUBLE PER TON FIGURE IS TOO HIGH, WE BELIEVE MOST PLAUSIBLE EXPLANATION FOR DISCREPANCY IS (A), ALTHOUGH WE CANNOT RULE OUT (B), (C) OR MORE ESOTERIC EXPLANATIONS.
BYRNE

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